

TOWN OF FORDOCHE, LOUISIANA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2005

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 6-21-06

TOWN OF FORDOCHE
POINTE COUPEE PARISH, LOUISIANA
P. O. BOX 10
FORDOCHE, LA 70732
(225) 637-3112

MAYOR

Justin K. Cox

COUNCIL

Jason Giordano
Corey Gueho
Randy St. Romain
Pat Smith
Stan Thibodeaux

[Term of Mayor & Council is from January 1, 2003 to December 31, 2006]

LEGAL COUNSEL

Stephen H. Marionneaux

TOWN CLERK

Leslie Thibodeaux

CHIEF OF POLICE

Fred Gueho

MEETING DATE

2nd Tuesday of Every Month
6:30 PM - Town Hall

**TOWN OF FORDOCHE, LOUISIANA
FOR THE YEAR ENDED DECEMBER 31, 2005
TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditor's Report	1
Required Supplementary Information	
Management's Discussion and Analysis	2
Basic Financial Statements	
Government-wide Financial Statements -	
Statement of Net Assets	8
Statement of Activities	9
Fund Financial Statements -	
Balance Sheet – Governmental Funds	10
Statement of Revenues, Expenditures, and Changes in Fund Balances –	
Governmental Funds	11
Statement of Net Assets – Proprietary Fund	12
Statement of Revenues, Expenses, and Changes in Fund Net Assets –	
Proprietary Fund	13
Statement of Cash Flows – Proprietary Fund	14
Notes to Basic Financial Statements	15
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	27
Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	30
Schedule of Findings and Questioned Costs	31
Resolution of Prior Year Audit Findings and Questioned Costs	32

George F. Delaune

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INDEPENDENT AUDITOR'S REPORT

The Honorable Justin K. Cox, Mayor
and Members of the Town Council
Town of Fordoche, Louisiana

I have audited the accompanying financial statements of the governmental activities and business-type activities of the TOWN OF FORDOCHE, LOUISIANA, as of and for the year ended December 31, 2005, which collectively comprise the Town's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Town of Fordoche, Louisiana, management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards and the standards generally accepted in the United States of America applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*. Those standards and the guide require that I plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the business-type activities of the Town of Fordoche, Louisiana, as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated February 16, 2006, on my consideration of the Town of Fordoche, Louisiana's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

The Management's Discussion and Analysis on pages 2 through 5 and budgetary comparison information on page 27, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

George F. Delaune, CPA

February 16, 2006

Management's Discussion and Analysis

Our discussion and analysis of the Town of Fordoche's financial performance provides an overview of the Town's financial activities for the year ended December 31, 2005. Please read it in conjunction with the Town's financial statements, which begin on page 7.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements.

- The Statement of Net Assets and the Statement of Activities (on page 8-9) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances.
- Fund financial statements are presented on pages 10 through 14.

For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds.

Reporting the City as a Whole

The Statement of Net Assets and the Statement of Activities

Our analysis of the Town as a whole begins on page 3. One of the most important questions asked about the Town's finances is, "Is the Town as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net assets and changes in them. You can think of the Town's net assets—the difference between assets and liabilities—as one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as a changes in the Town's property tax base and the condition of the Town's roads, to assess the overall health of the Town.

In the Statement of Net Assets and the Statement of Activities, we divide the Town into two kinds of activities:

- **Governmental activities** – Most of the Town's basic services are reported here, including the general administration, police, and streets. Property taxes, sales taxes, franchise fees, and fines finance most of these activities.
- **Business-type activities** – The Town charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Town's water system is reported here.

Reporting the Town's Most Significant Funds

Fund Financial Statements

Our analysis of the Town's major funds begins on page 4. The fund financial statements begin on page 10 and provide detailed information about the most significant funds – not the Town as a whole. Some funds are required to be established by State law and by bond covenants. However, the Town Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The Town's two kinds of funds – governmental and proprietary – use different accounting approaches.

- **Governmental funds** – Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation at the bottom of the fund financial statements.
- **Proprietary funds** – When the Town charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the Town's enterprise fund is the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows.

THE CITY AS A WHOLE

For the year ended December 31, 2005, net assets changed as follows:

	Governmental Activities	Business-type Activities	Total
Beginning net assets	\$ 384,966	\$ 486,467	\$ 871,433
Increase (decrease) in net assets	13,575	(11,545)	2,030
Ending net assets	<u>\$ 398,541</u>	<u>\$ 474,922</u>	<u>\$ 873,463</u>

That reflects an increase of 3.53% for governmental activities and a decrease of 2.37% for business-type activities.

Governmental Activities

Again, because this is the first year to report governmental activities on the accrual basis of accounting, a comparison to the prior year is not possible. However, in next year's discussion this section will show a condensed financial comparison of revenues and expenses and provide explanations for significant differences.

To aide in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the Town's taxpayers.

It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants. Some of the individual line item revenues reported for each function are:

General government	Building permits, occupational licenses
Police	Fines
Streets	Grass cutting
Community center/recreation	Leases, tickets, and sales

All other governmental revenues are reported as general. It is important to note that all taxes are classified as general revenue even if restricted for a specific purpose.

Business-type Activities

In reviewing the department net (expense)/revenue, it should be pointed out that general and administrative expenses have not been allocated to water operations; therefore, if allocated, net (expense)/revenue would be significantly different for each of these operations.

THE TOWN'S FUNDS

The following schedule presents a summary of governmental fund revenues and expenditures for the fiscal year ended December 31, 2005, and the amount and percentage of increases and decreases in relation to the prior year.

Revenues	FYE 2005 Amount	Percent of Total	Increase (Decrease) from FYE 2004	Percent Increase (Decrease)
Taxes	\$ 80,496	43.96%	\$ 9,733	7.23%
Intergovernmental	37,898	20.59%	27,951	20.77%
Charges for services	3,866	2.00%	(23,916)	-17.77%
Fines and forfeitures	15,965	8.72%	5,878	4.37%
Licenses and permits	16,554	9.04%	1,862	1.38%
Interest	1,570	0.86%	834	0.62%
Miscellaneous	27,178	14.84%	26,234	19.50%
Total Revenues	\$ 183,127	100.00%	\$ 48,576	36.10%

Expenditures	FYE 2005 Amount	Percent of Total	Increase (Decrease) from FYE 2004	Percent Increase (Decrease)
General government	\$ 81,069	39.76%	\$ 21,615	15.57%
Police	25,386	12.45%	1,393	1.00%
Streets and drainage	30,223	14.82%	6,458	4.65%
Health and welfare	889	0.44%	289	0.21%
Community center & recreation	7,853	3.85%	2,506	1.81%
Capital outlays	55,448	27.20%	50,252	36.20%
Debt service	3,008	1.48%	(3,510)	-2.53%
Transfers out		0.00%	(13,949)	-10.05%
Total Expenditures	\$ 203,876	100.00%	\$ 65,054	46.86%

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual revenues exceeded budget by \$14,592 and actual expenditures exceeded budget by \$8,963.

CAPITAL ASSET

At the end of December 31, 2005, the Town had \$781,839 invested in capital assets including buildings, police, streets, recreation, and water lines. (See table below.) This represents a net increase of \$1,518, or 0.19%, over last year.

	Governmental Activities		Business-type Activities		Totals	
	2005	2004	2005	2004	2005	2004
Land	\$ 51,500	\$ 51,500			\$ 51,500	\$ 51,500
Buildings	228,692	215,239			228,692	215,239
Vehicles	667	723	0	893	667	1,616
Machinery and equipment	45,563	27,887	26,042	33,491	71,605	61,378
Office furniture & equipment	3,533	3,540			3,533	3,540
Infrastructure					0	0
Utility property			425,842	447,048	425,842	447,048
Totals	<u>\$ 329,955</u>	<u>\$ 298,889</u>	<u>\$ 451,884</u>	<u>\$ 481,432</u>	<u>\$ 781,839</u>	<u>\$ 780,321</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Sales tax revenues increased \$8,160 from 2004 to 2005. This indicates a significant increase in commercial and vehicle sales for the Town. This combined with an increase of \$1,574 in all other taxes indicates an increase in economic activity for the community.

The business-type activities had a \$12,757 increase in cash for the year 2005. This increase was significant after the capital outlay for water lines done in 2004. Management reviews operations on an on-going basis to determine if rates are sufficient to generate cash flow to keep the system in operating condition.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Leslie Thibodeaux, Town Clerk at 5390 Fardoche Road, Fardoche, LA (225) 637-3112, fax (225) 637-2899.

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BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-wide financial statements
- Fund financial statements
 - Governmental funds
 - Proprietary (enterprise) fund

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

**TOWN OF FORDOCHE, LOUISIANA
STATEMENT OF NET ASSETS
DECEMBER 31, 2005**

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash	\$ 29,875	\$ 24,641	\$ 54,516
Receivables -			
Ad valorem taxes	30,860		30,860
Franchise taxes	6,026		6,026
Utility customers			0
Due from other government agencies	5,585		5,585
Total current assets	<u>72,346</u>	<u>24,641</u>	<u>96,987</u>
Noncurrent Assets:			
Capital assets (net)	329,954	451,884	781,838
Total noncurrent assets	<u>329,954</u>	<u>451,884</u>	<u>781,838</u>
Total Assets	<u>402,300</u>	<u>476,525</u>	<u>878,825</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	3,759	1,603	5,362
Capital lease obligations - current			0
Total current liabilities	<u>3,759</u>	<u>1,603</u>	<u>5,362</u>
Total Liabilities	<u>3,759</u>	<u>1,603</u>	<u>5,362</u>
NET ASSETS			
Invested in capital assets, net of related debt	329,954	451,884	781,838
Unrestricted - undesignated	68,587	23,038	91,625
Total Net Assets	<u>\$ 398,541</u>	<u>\$ 474,922</u>	<u>\$ 873,463</u>

See accompanying notes to the basic financial statements.

**TOWN OF FORDOCHE, LOUISIANA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2005**

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	
Governmental activities:					
General government	\$ 83,364	\$ 16,554			\$ (66,810)
Police	28,867	15,723		\$ 1,000	(12,144)
Streets and drainage	37,532	3,540	1,976	25,000	(7,016)
Health and welfare	889				(889)
Community center & recreation	13,777	23,892			10,115
Total governmental activities	164,429	59,709	1,976	26,000	(76,744)
Business-type activities:					
Water	87,153	75,277			(11,876)
Total business-type activities	87,153	75,277	0	0	(11,876)
Total	\$ 251,582	\$ 134,986	\$ 1,976	\$ 26,000	\$ (88,620)

Change in Net Assets:

	Governmental Activities	Business-type Activities	Total
Net (expense)/revenue	\$ (76,744)	\$ (11,876)	\$ (88,620)

General revenues:

Taxes:			
Property taxes, net	31,023		31,023
Sales and use taxes	28,784		28,784
Franchise taxes	20,689		20,689
Intergovernmental	9,722		9,722
Investment income	1,570	331	1,901
Miscellaneous	(1,469)		(1,469)
Transfers - internal activity	0	0	0
Total general revenues and transfers	90,319	331	90,650
Change in net assets	13,575	(11,545)	2,030
Net assets - beginning, restated	384,966	486,467	871,433
Net Assets - Ending	\$ 398,541	\$ 474,922	\$ 873,463

See accompanying notes to the basic financial statements.

**TOWN OF FORDOCHE, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2005**

	General Fund	Total Governmental Funds
ASSETS		
Cash	\$ 29,875	\$ 29,875
Receivables -		
Ad valorem taxes	30,860	30,860
Sales taxes	1,993	1,993
Franchise taxes	6,026	6,026
Due from state agencies -		
Beer taxes	98	98
Video poker	1,744	1,744
Grass cutting contract	1,750	1,750
Total Assets	<u>72,346</u>	<u>72,346</u>
LIABILITIES		
Accounts payable	3,759	3,759
Total Liabilities	<u>3,759</u>	<u>3,759</u>
FUND BALANCES		
Unreserved, reported in:		
General fund	68,587	68,587
Total Fund Balances	<u>68,587</u>	<u>68,587</u>
Total Liabilities and Fund Balances	<u>\$ 72,346</u>	
 Amounts reported for governmental activities Statement of Net Assets are different be-		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$114,785		329,954
Capital lease obligations are not due and payable in the current period and therefore are not reported as liabilities in the funds		<u>0</u>
Net Assets of Governmental Activities		<u>\$ 398,541</u>

See accompanying notes to the basic financial statements.

TOWN OF FORDOCHE, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2005

	General Fund	Total Governmental Funds
REVENUES		
Taxes	\$ 80,496	\$ 80,496
Intergovernmental	37,698	37,698
Charges for services	3,666	3,666
Fines and forfeitures	15,965	15,965
Licenses and permits	16,554	16,554
Investment income	1,570	1,570
Miscellaneous	27,178	27,178
Total Revenues	<u>183,127</u>	<u>183,127</u>
EXPENDITURES		
Current:		
General government	81,069	81,069
Police	25,386	25,386
Streets and drainage	30,223	30,223
Health and welfare	889	889
Community center and recreation	7,853	7,853
Capital outlays:		
General government	2,806	2,806
Police	1,200	1,200
Streets and drainage	30,561	30,561
Community center and recreation	20,881	20,881
Payments on capital lease obligations	3,008	3,008
Transfer to Public Utility Fund		0
Total Expenditures	<u>203,876</u>	<u>203,876</u>
Net Change in Fund Balances	(20,749)	(20,749)
Fund Balances - Beginning	89,336	89,336
Fund Balances - Ending	<u>\$ 68,587</u>	<u>\$ 68,587</u>
Reconciliation of the change in fund balances – total governmental funds to the change in net assets of governmental activities:		
Net change in fund balances – total governmental funds		\$ (20,749)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital asset purchases capitalized		55,448
Depreciation expense		(19,503)
Bookvalue of equipment sold		1,638
Payment on capital lease obligations		(3,259)
Change in Net Assets of Governmental Activities		<u>\$ 13,575</u>

See accompanying notes to the basic financial statements.

**TOWN OF FORDOCHE, LOUISIANA
STATEMENT OF NET ASSETS
PROPRIETARY FUND
DECEMBER 31, 2005**

	Public Utility Enterprise Fund
ASSETS	
Current Assets:	
Cash	\$ 24,641
Total Current Assets	<u>24,641</u>
Noncurrent Assets:	
Capital assets (net)	451,884
Total Noncurrent Assets	<u>451,884</u>
Total Assets	<u>476,525</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	1,603
Total Current Liabilities	<u>1,603</u>
Total Liabilities	<u>1,603</u>
NET ASSETS	
Invested in capital assets, net of related debt	451,884
Unrestricted	23,038
Total Net Assets	<u><u>\$ 474,922</u></u>

See accompanying notes to the basic financial statements.

TOWN OF FORDOCHE, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2005

	Public Utilities Enterprise Fund
Operating Revenues	
Charges for services -	
Water charges	\$ 70,023
Penalties	3,079
Miscellaneous	2,175
Total changes for services	<u>75,277</u>
Total Operating Revenues	<u>75,277</u>
Operating Expenses	
General and administrative	21,251
Water expenses	65,902
Total Operating Expenses	<u>87,153</u>
Net Operating Loss	<u>(11,876)</u>
Nonoperating Revenue	
Interest earned	331
Total Nonoperating Revenue	<u>331</u>
Net Loss	(11,545)
Net Assets - Beginning	486,467
Net Assets - Ending	<u>\$ 474,922</u>

See accompanying notes to the basic financial statements.

**TOWN OF FORDOCHE, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2005**

	Public Utilities Enterprise Fund
Cash Flows from Operating Activities	
Receipts from customers	\$ 76,166
Payments to suppliers	(29,117)
Payments to employees and benefits	(27,093)
Net Cash (Used) by Operating Activities	<u>19,956</u>
Cash Flows from Capital and Related Financing Activities	
Payments on capital lease obligations	(6,882)
Proceeds from grants	15,000
Purchase of capital assets	(15,647)
Net Cash (Used) by Capital and Related Financing Activities	<u>(7,529)</u>
Cash Flows from Investing Activities	
Interest earned	<u>330</u>
Net Cash Provided by Investing Activities	<u>330</u>
Net (Decrease) in Cash and Cash Equivalents	12,757
Balances - Beginning of Year	11,884
Balances - End of Year	<u><u>\$ 24,641</u></u>
 Reconciliation of Net Operating Loss to Net Cash	
Provided (Used) by Operating Activities	
Net operating loss	\$ (11,876)
Adjustments to reconcile net operating loss to net cash provided (used) by operating activities:	
Cash flows reported in other categories:	
Depreciation expense	30,196
Change in assets and liabilities:	
Receivables	922
Accounts payable	714
Net Cash Provided by Operating Activities	<u><u>\$ 19,956</u></u>

See accompanying notes to the basic financial statements.

TOWN OF FORDOCHE, LOUISIANA NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Town of Fordoche, Louisiana (the "Town") was incorporated on May 10, 1961, under the provisions of Title 33, Chapter 2, Part 1, of the Louisiana Revised Statutes (Lawrason Act - Act No. 36 of 1898). The Town operates under a Mayor-Board of Aldermen Council form of government and, as permitted under the Act, provides police protection; streets and drainage maintenance; public improvements; water, and general administration. The Mayor and five Council Members are elected at large to serve four year terms from January 1, 2004 to December 31, 2007. The Mayor is entitled to a per diem of \$200 per month and each Council Member \$50 for each meeting attended. The Town of Fordoche is located in Pointe Coupee Parish with a geographic area of approximately six square miles. The estimated population is 1,011. The Town employs four full-time employees. The Town serves 394 water customers, and maintains 10 miles of streets.

As the municipal governing authority, for reporting purposes, the Town of Fordoche is considered a separate financial reporting entity. The financial reporting entity consists of [a] the primary government (municipality), [b] organizations for which the primary government is financially accountable, and [c] other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Town of Fordoche for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria include:

- Appointing a voting majority of an organization's governing body, and
 - The ability of the municipality to impose its will on that organization and/or
 - The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the municipality.
- Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.
- Organizations for which the reporting entity financial statements should be misleading if data of the organization is not included because of the nature or significance of the relationship.

As required by generally accepted accounting principles, since the Town has no component units, these financial statements present the primary government of the Town of Fordoche.

Other Organizations

The municipality may appoint some, or all, governing board members of organizations that are not included as component units in the primary government's reporting entity. These organizations are classified as [a] related organizations, [b] joint ventures and jointly governed organizations, and [c] component units of another government with characteristics of a joint venture or jointly governed organization.

Considered in the determination of component units of the reporting entity were the Pointe Coupee Parish Police Jury, Sheriff, Clerk of Court, Assessor, and School Board and the District Attorney and Judges for the 18th Judicial District. It was determined that these governmental entities are not component units of the Town of Fordoche reporting entity because they have separately elected governing bodies, are legally separate, and are fiscally independent of the Town of Fordoche.

TOWN OF FORDOCHE, LOUISIANA NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Also, excluded from the reporting entity:

Fire Protection District No. 4 of the Parish of Pointe Coupee, Louisiana

This potential component unit has a separate board appointed jointly by the area governments' governing bodies. It provides services to residents, within the geographic boundaries of the government and other areas adjacent to it. This unit is excluded from the reporting entity because the government does not have the ability to exercise influence or control over its daily operations, approve budgets or provide funding.

Basis of Presentation

The accompanying financial statements of the Town have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Measurement Focus and Basis of Accounting

Fund Accounting

The Town uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds of the Town are classified into two categories: governmental and proprietary. In turn, each category is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Governmental Funds

Governmental funds are used to account for all or most of the Town's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds include:

General Fund -- the general operating fund of the Town and accounts for all financial resources, except those required to be accounted for in other funds.

Proprietary Funds

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. Proprietary funds include:

Enterprise Fund -- account for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expense incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus -- modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the

TOWN OF FORDOCHE, LOUISIANA NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

balance sheet. Operating statements for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by all governmental funds. Under the modified accrual basis of accounting,

Revenues:

Revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Consequently, the Town recognizes revenues as follows:

- Ad valorem taxes and related state revenue sharing are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:1993 requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are normally collected in December of the current year and January and February of the ensuing year.
- Sales and use tax revenues are recorded in the month they are received by the centralized parish sales tax collector.
- Federal and state grants and reimbursements are recorded when the Town is entitled to the funds. Where grant revenue is dependent upon expenditures by the Town, revenue is recognized when the related expenditures are incurred.
- Fines, forfeitures, and court costs are recorded in the year they are received by the Town or parish tax collector.
- Fees, charges and commissions are recognized as revenue in the month in which they are earned and billed.
- Substantially all other revenues are recorded when received by the Town.

Expenditures:

Expenditures are recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Other Financing Sources (Uses):

Transfers between funds that are not expected to be repaid (and any other financing source/use) are accounted for as other financing sources (uses). Transfers are recorded when the funds are actually transferred.

All proprietary funds are accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The proprietary funds use the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized at the time liabilities are incurred.

Encumbrances

The Town does not follow the encumbrance method of accounting.

Budgets

The Town uses the following budget practices:

- Budgets are prepared for the General Fund and Enterprise Fund on the GAAP Basis and appropriations (unexpended budget balances) lapse at year end.

TOWN OF FORDOCHE, LOUISIANA NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

- A notice of the proposed operating budgets are published and since the budget for the General Fund is more than \$250,000; the Town is required to hold at least one public hearing. Publication of the budget was made after adoption.
- Budgetary control is exercised at the line item level.
- During the year, monthly budgetary comparison statements are used as a management tool to control operations. When necessary, the Board adopts budget amendments which are included in minutes published in the official journal.

Cash, Cash Equivalents, and Investments

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Town may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

State statutes authorize the Town of Fordoche, Louisiana to invest in United States bonds, treasury notes and bills, or certificates or time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.

These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at market value.

Accounts Receivable and Bad Debts

The Town uses the direct charge-off method whereby uncollectible amounts due from ad valorem taxes are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. The direct charge-off method is used because it does not cause a material departure from GAAP and it approximates the valuation method.

Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered and temporary loans. These short-term interfund loans are classified as interfund receivables/payables and classified as due from or due to other funds on the balance sheet.

Inventories

Inventories for supplies are immaterial and are recorded as expenditures when purchased.

Capital Assets

Under GASB Statement No. 34, all capital assets, whether owned by governmental activities or business-type activities, are recorded and depreciated in the government-wide financial statements. No long-term capital assets or depreciation are shown in the governmental funds financial statements.

Capital assets, including public domain infrastructure (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the Town) are defined as assets with an initial, individual cost of more than \$500 and an estimated useful life greater than one year. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

TOWN OF FORDOCHE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Major outlays for capital assets and improvements are capitalized as the projects are constructed. Interest incurred during the construction phase of projects is reflected in the capitalized value of the asset constructed for proprietary funds. As of December 31, 2005, no interest has been capitalized on projects.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings	20 - 40 Years
Water System	35 Years
Tractors and Equipment	5 - 10 Years
Furniture and Office Equipment	3 - 10 Years
Vehicles	5 - 6 Years

Capital assets transferred between funds are transferred at their net book value (cost less accumulated depreciation), as of the date of the transfer.

Compensated Absences

Accumulated unpaid vacation and sick leave is accrued when incurred in proprietary funds. The amount of accumulated vacation and sick leave recorded in the governmental funds is that amount, adjusted to current salary costs, which is expected to be liquidated with expendable available financial resources. Only the current portion is reflected in the funds. The remainder of the liability is reported in the General Long-Term Debt Account Group. The guidelines of GASB Codification Section C60 were applied in determining the liability for both governmental and proprietary funds.

Fund Equity

Reserves

Reserves represent those portions of fund equity not appropriable for expenditures or legally segregated for a specific future use.

Designated Fund Balances

Designated fund balances represent tentative plans for future use of financial resources.

Unreserved-Undesignated Fund Balances

The unreserved-undesignated fund balances for governmental funds represent the amount available for budgeting future operations.

Sales and Use Tax

The Town has a one per cent sales and use tax approved by the voters, for an indefinite period. The tax, after all necessary costs for collection and administration, is available for general purposes.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

TOWN OF FORDOCHE, LOUISIANA NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Budgetary Information

Policy and Practice

The Mayor submits an annual budget for the General Fund to the Board in accordance with the Louisiana Local Government Budget Act. The budget is presented to the Board for review, and public hearings are held to address the proposed appropriations. Once approved and adopted by the Board, the Board may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

A budget is also adopted for the Public Utility Fund to monitor the operations of the water system.

Basis of Budgeting

The General Fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source and expenditures are budgeted by function. Budget revisions at this level are subject to final review by the Board. The legal level of control is by function within the General Fund. Expenditures may not exceed appropriations at this level. Revisions to the budget were made throughout the year.

The General Fund budget is prepared on the modified accrual basis. The budget and actual financial statement is reported on this basis. Unencumbered appropriations for annually budgeted funds lapse at fiscal year end.

NOTE 3 - CASH and CASH EQUIVALENTS

The following is a summary of cash and cash equivalents at December 31, 2005:

Petty cash	\$ 200
Interest-bearing demand deposits	13,852
LAMP	40,465
Total	<u>\$ 64,751</u>

These deposits are stated at cost, which approximates market. Under state statutes, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank.

At December 31, 2005, the Town has \$27,142 in deposits (collected bank balances). These deposits are secured from risk by \$27,142 of federal deposit insurance.

Cash also includes \$40,465 in the Louisiana Asset Management Pool, Inc. (LAMP), a local government investment pool (see Summary of Significant Accounting Policies). In accordance with GASB Codification Section 150.165, the investment in LAMP is not categorized in the three risk categories provided by GASB Codification Section 150.125 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local governments entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA - R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. government or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities.

Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA - R.S. 33:2955(A)(1)(h) which allows all municipalities, parishes, school boards, and any other political subdivisions of the State to invest in "Investment grade (A-1/P-1) commercial paper of domestic United States corporations."

TOWN OF FORDOCHE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1 + commercial paper.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

NOTE 4 - CAPITAL ASSETS

Capital asset activities for the year ended December 31, 2005:

Governmental Activities

	1-1-2005	Increases	Decreases	12-31-2005
Non-depreciable assets:				
Land	\$ 51,500			\$ 51,500
Depreciable assets:				
Buildings	254,905	20,461		275,366
Vehicles and equipment	28,062	1,000		29,062
Tractors and equipment	67,639	32,181	(29,103)	70,715
Furniture and office equipment	16,290	1,806		18,096
Infrastructure				
Total other capital assets at historical cost	366,896	55,448	(29,103)	393,239
Less: Accumulated depreciation for -				
Buildings	(39,668)	(7,008)		(46,674)
Vehicles and equipment	(27,339)	(1,056)		(28,395)
Tractors and equipment	(39,752)	(9,625)	24,225	(25,152)
Furniture and office equipment	(12,750)	(1,813)		(14,563)
Infrastructure	0			
Total accumulated depreciation	(119,507)	(19,502)	24,225	(114,784)
Total governmental activities capital assets, net	\$ 298,889	\$ 35,946	\$ (4,880)	\$ 329,955

Business-Type Activities

	1-1-2005	Increases	Decreases	12-31-2005
Non-depreciable assets:				
Land	\$ 0			\$ 0
Depreciable assets:				
Water system	798,175			798,175
Vehicles and equipment	23,844			23,844
Tractors and equipment	59,371			59,371
Furniture and office equipment	1,378	647		2,025
Total other capital assets at historical cost	882,768	647	0	883,415
Less: Accumulated depreciation for -				
Water system	(351,126)	(21,207)		(372,333)
Vehicles and equipment	(22,951)	(893)		(23,844)
Tractors and equipment	(25,880)	(7,966)		(33,846)
Furniture and office equipment	(1,378)	(130)		(1,508)
Total accumulated depreciation	(401,335)	(30,196)	0	(431,531)
Total business-type activities capital assets, net	\$ 481,433	\$ (29,549)	\$ 0	\$ 451,884

TOWN OF FORDOCHE, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 5 - LEVIED TAXES

All taxable property located within the State of Louisiana is subject by law to taxation on the basis of its assessed valuation. The assessed value is determined by the Parish Assessor, except for public utility property which is assessed by the Louisiana Tax Commission.

The 1974 Louisiana Constitution provided that, beginning in 1978, all land and residential property were to be assessed at 10% of fair market value; agricultural, horticultural, marsh lands, timber lands and certain historic buildings are to be assessed at 10% of "use" value; and all other property is to be assessed at 15% of fair market value. Fair market values are determined by the elected assessor of the parish and are subject to review and final certification by the Louisiana Tax Commission. The Assessor is required to reappraise all property every four years.

The Sheriff of Pointe Coupee Parish, as provided by State Law, is the official tax collector of property taxes levied by the Town. All taxes are due by December 31 of the year and are delinquent on January 1 of the next year, which is also the lien date.

State law requires the Sheriff to collect property taxes in the calendar year in which the assessment is made. If the taxes are not paid by the due date of December 31st, the taxes bear interest at 1.25% per month until the taxes are paid. After notice is given to the delinquent taxpayers, the Sheriff is required by the Constitution of the State of Louisiana to sell the least quantity of property necessary to settle the taxes and interest owed.

Property taxes are recognized as revenue in the year for which they are levied and become due. The majority of the year's taxes are collected from November to February by the Sheriff. Any amounts not collected at December 31st are shown as accounts receivable.

The following is a summary of the tax assessment rolls since 1990:

Year	Mills Levied	Assessed Value	Homestead Exemption	Tax to be Paid by Owner	Tax to be Paid by State	Total Tax
1990	7.42	\$ 1,119,932		\$ 8,310		\$ 8,310
1991	7.00	1,159,133		8,114		8,114
1992	6.68	1,230,330		8,219		8,219
1993	13.68	1,256,344		17,187		17,187
1994	14.08	1,296,809		18,259		18,259
1995	14.08	1,335,392		18,802		18,802
1996	13.05	1,497,390		19,542		19,542
1997	13.05	1,525,691		19,911		19,911
1998	13.05	1,573,420		20,534		20,534
1999	13.05	1,711,392		22,334		22,334
2000	12.44	1,885,429		23,455		23,455
2001	12.44	2,022,382		25,158		25,158
2002	12.44	2,100,805		26,134		26,134
2003	13.25	2,225,310		29,487		29,487
2004	12.34	2,454,730		30,292		30,292
2005	12.34	2,500,810		30,860		30,860

NOTE 6 - SALES TAX and CENTRALIZED COLLECTION AGENCY AGREEMENT

In accordance with Paragraph (B)(1) of Section 3 of Article VII of the Constitution of the State of Louisiana, the Town entered into an agreement on May 20, 1992 with all of the sales and use taxing authorities of the Parish of Pointe Coupee designating the Sales Tax Department of the Pointe Coupee Parish Police Jury as the single tax collection entity. The agreement is effective as of July 1, 1992, the agreement authorizes the Town to compensate the collection agency 1.5% of the gross amounts collected.

**TOWN OF FORDOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

NOTE 7 - FRANCHISE AGREEMENTS

The Town has granted three franchises:

Cable Television

A non-exclusive cable television franchise was granted to Spillway Cablevision, Inc. on November 14, 1995 for a period of 15 years. The annual franchise fee for this franchise shall be 3% of the annual gross subscriber revenues.

Telephone

On January 15, 1998, the Town renewed a non-exclusive telephone franchise with Star Telephone Company, Inc. for a period of twenty-five years, ending on December 31, 2022. The franchise fee is 2% of the Company's gross receipts payable quarterly.

Electric

On February 10, 1994, the Town granted a non-exclusive franchise to Pointe Coupee Electric Membership Corporation (a non-profit corporation) to supply electric energy to the Town and the inhabitants thereof for a period of 20 years. In consideration, the Town shall receive a fee of \$.0025 per kilowatt-hour for each kilowatt-hour sold within the corporate limits of the Town. In addition, the Town is provided street lighting in the corporate limits of the Town existing on the date of the franchise at no charge. Any additional street lighting needed after the franchise date will be furnished under the applicable rate.

NOTE 8 - PENSION PLAN AND RETIREMENT COMMITMENTS

All employees except the chief of police are on social security and medicare.

NOTE 9 - CONTINGENT LIABILITIES

There is no pending litigation against the Town.

NOTE 10 - RISK MANAGEMENT

The Town is exposed to various risks of loss relating to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town attempts to minimize risk from significant losses through the purchase of commercial insurance.

NOTE 11 - COMPENSATION PAID TO BOARD MEMBERS

In compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature, compensation paid to the mayor and board members is as follows:

Mayor	- Justin K. Cox	\$ 2,400
Council Members	- Jason Giordano	600
	- Corey Gueho	600
	- Randy St. Romain	600
	- Pat Smith	600
	- Stan Thibodeaux	600
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		\$ 5,400

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REQUIRED SUPPLEMENTARY INFORMATION

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**TOWN OF FORDOCHE, LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Original & Final Budget	Actual	Variance with Original Budget Positive (Negative)
REVENUES			
Taxes	\$ 75,000	\$ 80,496	\$ 5,496
Intergovernmental	36,500	37,698	1,198
Charges for services	3,660	3,666	6
Fines and forfeitures	10,125	15,965	5,840
Licenses and permits	14,900	16,554	1,654
Investment income	1,125	1,570	445
Miscellaneous	27,225	27,178	(47)
Total Revenues	168,535	183,127	14,592
EXPENDITURES			
Current:			
General government	80,042	81,069	(1,027)
Police	25,550	25,386	164
Streets and drainage	22,440	30,223	(7,783)
Health and welfare	900	889	11
Community center and recreation	7,600	7,853	(253)
Capital outlays:			
General government	2,800	2,806	(6)
Police	1,200	1,200	
Streets and drainage	30,500	30,561	(61)
Community center and recreation	20,500	20,881	
Payments on capital lease obligations	3,000	3,008	(8)
Transfer to Public Utility Fund	0	0	0
Total Expenditures	194,532	203,876	(8,963)
Net Change in Fund Balances	(25,997)	(20,749)	5,248
Fund Balances - Beginning	89,336	89,336	0
Fund Balances - Ending	\$ 63,339	\$ 68,587	\$ 5,248

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OTHER REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS

Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

A report on compliance laws and regulations and on internal controls over financial reporting as required by Government Auditing Standards, issued by the Comptroller General of the United States. This report is based solely on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses in internal control or compliance matters that would be material to the presented financial statements.

George F. Delaune

CERTIFIED PUBLIC ACCOUNTANT
(A Professional Corporation)

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OFFICERS ASSOCIATION

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable Justin K. Cox
and Members of the Town Council
Town of Fordoche, Louisiana

I have audited the financial statements of the governmental activities and business-type activities of the TOWN OF FORDOCHE, LOUISIANA, as of and for the year ended December 31, 2005, which collectively comprise the Town of Fordoche, Louisiana's basic financial statements and have issued my report thereon dated February 16, 2006. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*.

Compliance

As part of obtaining reasonable assurance about whether the Town of Fordoche, Louisiana's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instance of noncompliance that is required to be reported under *Government Auditing Standards* and the provisions of the *Louisiana Governmental Audit Guide*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Town of Fordoche, Louisiana's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information of management, the Town Council, the Legislative Auditor for the State of Louisiana, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

George F. Delaune, CPA

February 16, 2006

**TOWN OF FORDOCHE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

Section A - Summary of Auditor's Reports

- The auditor's report expresses an unqualified opinion on the financial statements of the Town of Fordoche.
- No reportable conditions were disclosed during the audit of the financial statements.
- No instances of noncompliance were disclosed during the audit of the financial statements.
- The Town of Fordoche was determined to be a low-risk auditee.

Section B - Findings – Financial Statements Audit

None

**TOWN OF FORDOCHE, LOUISIANA
RESOLUTION OF PRIOR YEAR OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

There were no prior year audit findings or questioned costs.